

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF       )  
CHESAPEAKE UTILITIES CORPORATION FOR       )  
APPROVAL OF NATURAL GAS EXPANSION       )       PSC DOCKET NO. 17-1224  
SERVICE OFFERINGS                               )  
(FILED DECEMBER 20, 2017)                       )

**ORDER NO. 9171**

**AND NOW**, this 1<sup>st</sup> day of February, 2018, the Delaware Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, in Order No. 8479 in Docket No. 12-292 (Nov. 5, 2015), the Public Service Commission (the "Commission") approved a settlement in which the Commission established Infrastructure Expansion Service ("IES") rates<sup>1</sup> for a certain portion of Chesapeake Utilities Corporation's ("Chesapeake" or the "Company") service territory designated as an Expansion Area (the "Expansion Docket");<sup>2</sup> and

**WHEREAS**, on December 20, 2017, Chesapeake filed with the Commission an application (the "Application"), pursuant to 26 Del. C. §201, §301, and §304, seeking approval to apply the IES rates throughout its service territory when expansion of service would be

---

<sup>1</sup> The current IES rates, also approved in PSC Order No. 8479 (November 5, 2013), are an additional charge, added to and collected as part of the monthly customer charge, applicable to all new residential and small commercial customers in southeastern Sussex County.

<sup>2</sup> PSC Order No. 8479 (November 5, 2013) defines the "Expansion Area" as the area east of Chesapeake's district regulator station located on Route 9 in Lewes, Delaware that is connected to Chesapeake's distribution main and any area that is connected to Chesapeake's distribution main behind the three Eastern Shore Natural Gas transmission pipeline city gates located in Dagsboro, Frankford, and Selbyville, Delaware.

uneconomical under Chesapeake's applicable tariff and line extension policies,<sup>3</sup> if the customer affirmatively agrees to pay the IES rates; and

**WHEREAS**, Chesapeake initiated the Expansion Docket in response to interest from residents, businesses, and developers seeking distribution of natural gas service because, according to Chesapeake, under existing rates and line extension policies, service cannot be provided without many of the customers paying a substantial up-front contribution or advance; and

**WHEREAS**, the currently approved IES Rates are as follows:

Rate Classification	Monthly Customer Charge	Monthly IES Rate (Rate is built into Monthly Customer Charge)	Total Monthly Customer Charge
Residential Service - 1	\$13.50	N/A	\$13.50
Expansion Area Residential Service - 1	\$13.50	\$3.00	\$16.50
Residential Service - 2	\$13.50	N/A	\$13.50
Expansion Area Residential Service - 2	\$13.50	\$18.25	\$31.75
General Service	\$34.00	N/A	\$34.00
Expansion Area General Service	\$34.00	\$22.00	\$56.00
Medium Volume Service	\$80.00	N/A	\$80.00
Expansion Area Medium Volume Service	\$80.00	\$78.75	\$158.75

and

**WHEREAS**, Chesapeake states that the additional revenue from the IES rates increases the number of projects that satisfy its financial model, allowing the Company to extend its distribution system up to

---

<sup>3</sup> Chesapeake's applicable tariff rates and line extension policies, when applied to the amount of its initial capital investment, require that service extension projects be economical and satisfy Chesapeake's approved financial test.

three times further without requiring an up-front contribution or advance from new customers; and

**WHEREAS**, Chesapeake states that it has successfully implemented its IES program in the Expansion Area, resulting in the addition of more than 1,500 customers; and

**WHEREAS**, Chesapeake now proposes to expand this program beyond the Expansion Area throughout its service territory, claiming that its existing tariff rates and line extension policies restrict its ability to extend service to other parts of its service territory; and

**WHEREAS**, Chesapeake proposes to utilize the current IES rates across its entire service territory under certain conditions; and

**WHEREAS**, the Commission having determined that, pursuant to the authority granted to it by 26 Del. C. §306(a)(1), Chesapeake's Application shall be suspended pending the completion of evidentiary hearings into the justness and reasonableness of the proposed expansion of the IES rates and tariff changes across its entire service territory;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF  
NOT FEWER THAN THREE COMMISSIONERS:**

1. That the rates and revised tariff sheets filed by Chesapeake on December 20, 2017 are hereby suspended pursuant to 26 Del. C. §306(a) (1) and shall not be placed into force or effect except pursuant to law or further Order of the Commission, and then only to the extent such law or further Commission Order may permit or allow.

2. That any proposed non-rate modifications to its tariffs are suspended until such time as a final Order in this proceeding is issued.

3. Chesapeake shall publish the public notice attached as **Exhibit "A"** in two-column format, outlined in black, in the legal classified sections of The News Journal and Delaware State News newspapers during the week of February 5, 2018. Chesapeake shall also file proof of such publications with the Commission as soon as practical but not later than the commencement of the evidentiary hearing concerning this matter.

4. That Mark Lawrence is designated as the Hearing Examiner for this matter pursuant to the terms of 26 Del. C. §502 and 29 Del. C. ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the proposed rates and tariff modifications. Thereafter, Hearing Examiner Lawrence shall file with the Commission his proposed findings and recommendations. Pursuant to Rule 21 of the Commission's Rules of Practice and Procedure, Hearing Examiner Lawrence is specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. In addition, Hearing Examiner Lawrence is delegated the authority, under 26 Del. C. §102(A), to determine the form and manner of any further public notice in this matter.

5. That the deadline for filing petitions to intervene pursuant to Rule 21 of the Commission's Rules of Practice and

Procedure shall be **Friday, February 23, 2018**. Late-filed petitions to intervene will not be granted unless good cause is shown. Intervenors must comply with the procedural schedule in place at the time intervention is granted, including any deadlines that may have been established prior to the granting of intervenor status.

6. If the Commission does not receive any petitions to intervene, material objections, or written comments raising significant issues, the Commission may, by later order, rescind the designation of Mark Lawrence as the Hearing Examiner for this proceeding, and consider the matter after a duly noticed evidentiary hearing at a regularly-scheduled Commission meeting.

7. Chesapeake is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 Del. C. §114(b) (1).

8. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

---

Chair

---

Commissioner

---

Commissioner

---

Commissioner

---

Commissioner

ATTEST:

---

Secretary

**E X H I B I T   "A"**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF       )  
CHESAPEAKE UTILITIES CORPORATION FOR       )  
APPROVAL OF NATURAL GAS EXPANSION       )       PSC DOCKET NO. 17-1224  
SERVICE OFFERINGS                               )  
(FILED DECEMBER 20, 2017)                       )

**PUBLIC NOTICE OF THE APPLICATION OF CHESAPEAKE UTILITIES CORPORATION  
FOR NATURAL GAS EXPANSION RATES OUTSIDE ITS EXISTING EXPANSION AREA  
(PRESENTLY IN SOUTHEASTERN SUSSEX COUNTY) TO EXPAND THE AVAILABILITY  
OF NATURAL GAS TO RESIDENTS, COMMUNITIES, AND BUSINESSES THROUGHOUT  
THE REST OF ITS SERVICE TERRITORY IN DELAWARE**

**TO:   ALL NATURAL GAS CUSTOMERS OF CHESAPEAKE UTILITIES CORPORATION AND  
OTHER INTERESTED PERSONS:**

On December 20, 2017, pursuant to 26 Del. C. §201, §301, and §304, Chesapeake Utilities Corporation ("Chesapeake") filed with the Delaware Public Service Commission ("the Commission") an application proposing to apply the Infrastructure Expansion Service ("IES") rates throughout its service territory when such rates are elected by the customers to be served and necessary to allow for expansion of availability of service to residents, communities, and businesses when economical and where natural gas service is not widely available.

In its application, Chesapeake has requested approval to apply the IES rates approved by the Commission in Order 8479 entered in PSC Docket No. 12-292 (the "Expansion Docket") to residents and businesses within Chesapeake's service territory if elected by the residents or businesses and where it is not otherwise economical for Chesapeake to provide service.

The IES rates are as follows:

Rate Schedule	Current Monthly Customer Charge	Proposed Monthly Customer Charge (if elected)
RS-1	\$13.50	\$16.50
RS-2	\$13.50	\$31.75
GS	\$31.50	\$56.00
MVS	\$80.00	\$158.75

On February 1, 2018, the Commission suspended the proposed changes and opened a proceeding to investigate the application. The Commission will render a decision after holding public evidentiary hearings, which will be conducted upon due public notice, and will render its decision based on the record evidence.

If the Commission does not receive any petitions to intervene, material objections, or written comments raising significant issues, the Commission may, by later order, rescind the designation of Mark Lawrence as the Hearing Examiner for this proceeding, and consider the matter after a duly noticed evidentiary hearing at a regularly-scheduled Commission meeting.

You are invited to review Chesapeake's application and supporting documents to determine how your interests may be affected by going to DelaFile (<https://delafile.delaware.gov>), the Commission's docketing and file management system, and by searching for Docket No. 17-1224.

If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a petition asking for leave to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (26 Del. Admin. C. §1001-2.9) **on or before Friday, February 23, 2018**. All such petitions should be filed in DelaFile according to the Commission's Rules (26 Del. Admin. C. §1001-



1.6.4). Petitions filed after the deadline of February 23, 2018, will not be considered except for good cause shown. Intervenor must comply with the procedural schedule in place at the time intervention is granted, including any deadlines that may have been established prior to the granting of intervenor status.

If you would like to review documents at the Commission's offices, please contact Donna Nickerson at (302) 736-7500 or by sending an e-mail addressed to [donna.nickerson@state.de.us](mailto:donna.nickerson@state.de.us). You may also review copies of Chesapeake's application and supporting documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801 or 29 South State Street, Dover, Delaware 19901. Please call either (302) 577-5077 or (302) 241-2555 to arrange for a time to review the documents at either of those locations.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. The link to this form can be found on the Commission's website, <https://depsc.delaware.gov>, or by visiting this web address: [https://delaware.gov/help/foia\\_request.shtml?subj=DOS](https://delaware.gov/help/foia_request.shtml?subj=DOS). The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 Del. C. ch. 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including

text telephone), by e-mail, or other means. If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by e-mail addressed to [jason.r.smith@state.de.us](mailto:jason.r.smith@state.de.us).